



Irish Life Weekly Investment Bulletin

The week that was – WEEK 33 (ending 18/08/2017)

"The cave you fear to enter holds the treasure you seek." – Joseph Campbell

Irish exports to UK show big increase despite Brexit and euro strength uncertainty – Latest figures from the Central Statistics Office show that seasonally adjusted goods exports to the UK increased by 15% in June 2017 compared to June 2016 (with imports up 2%) and by 14% in the first half of 2017 (with imports up 7%).

Euro area growth in Q2 twice the UK level – According to Eurostat, seasonally adjusted GDP in the euro area increased by 0.6% in the second quarter, with the UK increasing by 0.3% and the U.S. also up by 0.6%. Euro area growth rose by 2.2% compared to Quarter 2 2016, the UK by 1.7% and the U.S. by 2.1%.

Global stock market down 0.1% on the week – The MSCI AC World TR Index had a slight fall of 0.08% from the 11th August to 18th August as tensions subsided between the U.S. and North Korea but Trump's comments on the Charlottesville violence upset sentiment along with news of the Barcelona terrorist attack.

North Korea cools off on Guam nuclear threat – The North Korea regime announced that it will not target the area around Guam, a U.S. island territory in the Pacific Ocean, reducing fears that its recent standoff with the U.S. could lead to war. U.S. Defense Secretary James N. Mattis had warned that an attack could quickly escalate to war.

Minutes from ECB meeting reveal concerns about strong euro and low inflation – The minutes of the European Central Bank's July governing council meeting showed fears that the euro could keep on rising (it has hit a two-and-a-half year high against the dollar), thwarting efforts to hit its inflation goal of just under 2%.

Japan's Q2 GDP growth largest in more than 2 years – Japanese economic growth jumped in the three months to June, showing the biggest increase in over two years as it grew by a seasonally adjusted 1% quarter-on-quarter or 4% annualised during Q2. This significantly beat the consensus estimate of 2.5%.

The Story of the week: The World Day of Laziness has just been celebrated in the industrial city of Itagui, near Medellin in Colombia. Camp beds, mattresses and hammocks were dragged on to the streets in this veneration of relaxation which has been held annually since 1985. Itagui is known, rather ironically, for its busy industrial park and thriving commerce. "We wanted to draw attention to the importance in any community of free time and leisure activities," said Carlos Mario Montoya, 65, who first put together the event 32 years ago. Festivities included a competition for the best-looking pyjamas, a pillow-juggling contest and a race for the fastest bed on wheels.

DISCLOSURE: Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland. While Irish Life Investment Managers uses reasonable efforts to ensure that the information contained in this document is current, accurate and complete at the date of publication, no representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information. Irish Life Investment Managers therefore cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in reliance on, any information contained in this document. This material is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. The performance shown represents past performance and does not guarantee future results. Past performance is not indicative of future results.

Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 18/08)
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	10.1
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	3.8
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	5.8
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	7.0
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	9.8
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	15.5
Nikkei 225	22.9	56.7	7.1	9.1	0.4	1.9
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	18.5
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	0.0
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.2
German	1.4	1.9	0.5	0.6	0.2	0.4
UK	1.9	3.0	1.9	1.9	1.2	1.1
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	0.7
Italy	4.6	4.1	2.1	1.6	1.8	2.0
Greece	12.7	8.2	9.6	7.9	7.1	5.6
Portugal	6.9	6.1	2.7	2.5	3.8	2.8
Spain	5.4	4.1	1.6	1.7	1.4	1.5
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.25
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.18
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.91
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.29
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	4.1% (to end of Q2)
U.K.	2.7	10.7	17.8	13.1	3.6	4.8% (to end of Q2)
U.S.	5.3	11.4	11.2	12.1	7.8	1.6% (to end of Q1)

*Past performance is not a reliable guide to future performance